



Schedule SK-1 Shareholder's Massachusetts Information

2002

Massachusetts
Department of
Revenue

For calendar year 2002 or taxable year beginning

and ending

Name of shareholder

Social Security or Federal Identification number

Street address

City/Town

State

Zip

Name of S corporation

Federal Identification number

Street address

City/Town

State

Zip

Type of shareholder: ☐ Individual resident ☐ Individual nonresident ☐ Trust ☐ Estate

Shareholder's Distributive Share

The S corporation has completed the information on this tax schedule. Refer to Shareholder's Instructions for Schedule SK-1 on the back before entering information from this tax schedule on your tax return. For a **nonresident shareholder** eligible to apportion, enter in column b the amount of the shareholder's share of each applicable distributive share item multiplied by the apportionment percentage in Form 355S, Schedule F, line 5. For line 8, enter the amount of the shareholder's share without apportionment. For **all other shareholders**, enter in column b the amount of the shareholder's share of each applicable distributive share item.

a. Distributive share line	b. Shareholder's Mass. distributive amount	c. Form 1, 1-NR/PY or 2 filers, use the amount in col. b to complete the following schedules:
1 Massachusetts ordinary income or loss (from Schedule S, line 25)		
2 Separately stated deductions		
3 Combine lines 1 and 2		Form 1 or 1-NR/PY, Schedule E, Part II, or Form 2
4 Credits: <input type="checkbox"/> Taxes paid to another state or jurisdiction (for residents only) <input type="checkbox"/> Lead paint <input type="checkbox"/> EOA <input type="checkbox"/> FEC <input type="checkbox"/> Brownfields <input type="checkbox"/> Low Income Housing		See SK-1 instructions
5 Net income or loss from rental real estate activity(ies) (from Schedule S, line 26)		See SK-1 instructions
6 Net income or loss from other rental activity(ies) (from Schedule S, line 27)		See SK-1 instructions
7 5.3% interest from Massachusetts banks (from Schedule S, line 30)		See SK-1 instructions
8 Interest on U.S. obligations (from Schedule S, line 29)		See SK-1 instructions
9 Non-Massachusetts state and municipal bond interest (from Schedule S, line 32)		See SK-1 instructions
10 Other interest and dividend income (from Schedule S, line 31)		See SK-1 instructions
11 Royalty income (from Schedule S, line 33)		See SK-1 instructions
12 Other Income (from Schedule S, line 34)		See SK-1 instructions
13 Short-term capital gains (from Schedule S, line 35)		Forms 1, 1-NR/PY or 2, Sch. B
14 Short-term capital losses (from Schedule S, line 36)		Forms 1, 1-NR/PY or 2, Sch. B
15 Gain on the sale, exchange or involuntary conversion of property used in a trade or business and held for one year or less (from Schedule S, line 37)		Forms 1, 1-NR/PY or 2, Sch. B
16 Loss on the sale, exchange or involuntary conversion of property used in a trade or business and held for one year or less (from Schedule S, line 38)		Forms 1, 1-NR/PY or 2, Sch. B
17 Long-term capital gain or loss (from Schedule S, line 39)*		Forms 1, 1-NR/PY or 2, Sch. D
18 Net gain or loss under Section 1231 (from Schedule S, line 40)*		Forms 1, 1-NR/PY or 2, Sch. B & D
19 Other long-term gains and losses (from Schedule S, line 41)*		Forms 1, 1-NR/PY or 2, Sch. B & D
20 Long-term gains on collectibles (from Schedule S, line 42)*		Forms 1, 1-NR/PY or 2, Sch. B & D
21 Differences and adjustments, if any (from Schedule S, line 43)		

*The S corporation may provide each shareholder with a breakdown of long-term capital gains and losses by the applicable holding period(s) and transaction dates. If the S corporation does not do so, all long-term capital gains and losses, excluding long-term gains on collectibles, are to be taxed at 5.3%.

Shareholder's Basis Information

22 Federal basis as of 12-31-85, or later year, if applicable
(See instructions and specify year here: _____)

	a. Number of shares	b. Amount
23 Massachusetts basis at beginning of year	24 Net Massachusetts adjustments	25 Net federal adjustments
26 Massachusetts basis at end of year (23 + 24)		
Stock		
Indebtedness		

Schedule SK-1 Shareholder's Instructions

General Instructions

Schedule SK-1 is designed to allow the S corporation to report each shareholder's distributive share of S corporation income separately. Use the information provided on Schedule SK-1 to complete your appropriate Massachusetts tax return (Form 1, 1-NR/PY or 2). For more detailed instructions on Schedule SK-1, see the Schedule S instructions.

Specific Instructions

Line 3: Total of lines 1 and 2. The amount in line 3 includes both your distributive share of the S corporation's Massachusetts ordinary income or loss and your guaranteed payments (deductible and capitalized). Certain adjustments have already been made to take account of your separately stated deductions, and differences in Massachusetts and federal tax treatment of S corporation income, deductions and credits.

The correct Massachusetts amount of the shareholder's share of ordinary income or loss and guaranteed payments may differ from the comparable U.S. total reported on your Form 1 or 1-NR/PY, Schedule E, Part II, line 1; or Form 2, line 17. Each shareholder should make adjustments in Form 1 or 1-NR/PY, Schedule E, Part II, line 2 and line 4, if applicable; or Form 2, line 17, to reflect the correct Massachusetts amount. Attach a statement with your Massachusetts tax return and explain.

You should receive from the S corporation the amount of your share of the costs of renovating a qualifying abandoned building. Use this amount to complete Form 1 or 1-NR/PY, Schedule E, Part II, line 4; or Form 2.

Each shareholder should receive from the S corporation the amounts of the shareholder's share of any 5.3% interest from Massachusetts banks and other interest and dividends included in line 3. Each shareholder should use these amounts in completing Form 1 or 1-NR/PY, Schedule E, Part II, lines 6 and 7; or Form 2.

Line 4: Credits. The amount in line 4 includes each resident shareholder's share of any taxes paid to other jurisdictions and otherwise allowable as a credit to the individual. This credit is available only to resident shareholders and may be taken on Form 1, Schedule Z, Form 1-NR/PY, Schedule Z or where applicable, on Form 2.

Also enter in this line the shareholder's share of any credit due for expenses incurred by the S corporation for covering or removing lead paint on residential premises in Massachusetts. The S corporation must provide each shareholder with a completed copy of a "Letter of Compliance" or a "Letter of Interim Control" issued by a licensed inspector. Each shareholder should include their share of the credit in Form 1, Schedule Z; Form 1-NR/PY, Schedule Z; or Form 2.

This line is also used to report the shareholder's share of any 5% Economic Opportunity Area Credit for qualifying property in a Certified Project. The amount should then be used to complete Schedule EOAC.

This line is also used to report the shareholder's share of any Full Employment Credit. The amount should then be used by each shareholder to complete Schedule FEC.

Line 5: Net rental income or loss from real estate. The amount in line 5 is your share of the S corporation's net rental income or loss from real estate activities.

The correct Massachusetts amount of the shareholder's share of net rental income or loss from real estate activities may differ from the comparable U.S. total reported on the shareholder's Form 1 or 1-NR/PY, Schedule E, Part II, line 1; or Form 2, Schedule E, line 1. Each shareholder should make adjustments in Form 1 or 1-NR/PY, Schedule E, Part II, line 2; or Form 2, Schedule E, line 2.

Line 6: Net income or loss from other rental activities. The amount in line 6 is your share of the S corporation's net rental income or loss from other activities.

The correct Massachusetts amount of the shareholder's share of net rental income or loss from other activities may differ from the comparable U.S. total reported on the shareholder's Form 1 or 1-NR/PY, Schedule E, Part II, line 1; or Form 2, line 17. Each shareholder should make adjustments in Form 1 or 1-NR/PY, Schedule E, Part II, line 2; or Form 2, line 17, to reflect the correct Massachusetts amount.

Line 7: 5.3% interest from Massachusetts banks. The amount in line 7 is your share of the S corporation's 5.3% interest from Massachusetts

banks. Each shareholder should include the line 7 total in Form 1, line 5; Form 1-NR/PY, line 7; or Form 2, line 16.

Each nonresident shareholder whose income is apportioned should also receive from the S corporation the amount of the shareholder's pre-apportionment share of 5.3% interest from Massachusetts banks. See Form 355S instructions for more details.

Line 8: Interest on U.S. debt obligations. The amount in line 8 is your share of the S corporation's interest on U.S. debt obligations. This income is taxable by the federal government, but is tax-exempt in Massachusetts. Each shareholder should include the line 8 total in Form 1 or 1-NR/PY, Schedule B, line 6; or Form 2, Schedule B, line 5.

Line 9: Non-Massachusetts state and municipal bond interest. The amount in line 9 is your share of the S corporation's non-Massachusetts state and municipal bond interest. This income is not taxed by the federal government, but is taxable in Massachusetts. Each shareholder should include the line 9 total in Form 1, 1-NR/PY, or 2, Schedule B, line 3.

Line 10: Other interest and dividend income. The amount in line 10 is your share of the S corporation's other interest and dividend income. The correct Massachusetts amount of the shareholder's share of other interest and dividend income may differ from the comparable U.S. total reported on Form 1, 1-NR/PY, or Form 2, Schedule B, lines 1 and 2. Each shareholder should make adjustments in Form 1 and 1-NR/PY, Schedule B, line 6; or Form 2, Schedule B, line 8, to reflect the correct Massachusetts amount.

Line 11: Royalty income. The amount in line 11 is your share of the S corporation's royalty income. The correct Mass. amount of the shareholder's share of royalty income may differ from the comparable U.S. total reported on Form 1 or 1-NR/PY, Schedule E, Part I, line 1a; or Form 2, Schedule E, line 1. Each shareholder should make adjustments in Form 1, 1-NR/PY or Form 2, Schedule E, line 2, to reflect the correct Massachusetts amount.

Line 12: Other income. The amount in line 12 is your share of the S corporation's other income. The correct Mass. amount of the shareholder's share of other income may differ from the comparable U.S. total reported on Form 1, 1-NR/PY, or 2. Each shareholder should make adjustments on the applicable lines of Form 1, 1-NR/PY, or 2 to reflect the correct Massachusetts amount. If any income reported to the S corporation from a Real Estate Mortgage Investment Conduit (REMIC), in which the S corporation is a residual interest holder is reported in line 12, then any such adjustment should be made on Form 1 or 1-NR/PY, Schedule E, Part I, line 2 or Form 2, Schedule E, line 2.

Lines 13 through 16. The amounts in lines 13 through 16 include your share of the S corporation's short-term capital gains and losses and gain and loss on the sale, exchange or involuntary conversion of property used in a trade or business and held for one year or less. The correct Massachusetts amount of these items may differ from the comparable U.S. total. Each shareholder should make adjustments in the applicable lines of Schedule B to reflect the correct Massachusetts amount.

Lines 17 through 19: Capital gain or loss. The amounts in lines 17 through 19 include your share of the S corporation's long-term capital gain or loss and loss on the sale, exchange or involuntary conversion of property used in a trade or business and held for more than one year. The correct Massachusetts amount of each shareholder's share of these items may differ from the comparable U.S. total reported on the shareholder's Form 1, 1-NR/PY, or 2, Schedule D. Each shareholder should make adjustments in Form 1, or 1-NR/PY, Schedule D, line 9 or Form 2, Schedule D, line 11 to reflect the correct Massachusetts amount.

Line 20: Long-term gains on collectibles. The amount in line 20 is your share of the S corporation's long-term gains on collectibles. The correct Massachusetts amount of the shareholder's share of long-term gains on collectibles may differ from the comparable U.S. total reported on Form 1, 1-NR/PY, or 2, Schedule D, line 1. Each shareholder should make adjustments in Form 1 or 1-NR/PY, Schedule D, line 9, or Form 2, Schedule D, line 11. Each shareholder should report the correct amount in Form 1 or 1-NR/PY Schedule D, line 11; or Form 2, Schedule D, line 13.

Lines 22 through 26: Shareholder's basis information. The information in lines 22 through 26 may be needed to determine the limitation of your losses, or the gain or loss from sale or other disposition of your stock and indebtedness. For further information on Massachusetts rules for determining basis adjustments in S corporation stock, see TIR 88-11.